Item: Resolution 12-57, "URGING THE STATE OF HAWAII AND THE FDA TO REQUIRE THE LABELING OF GMOs"

Date: April 25th, 2012

By: Yo Kobayashi (Ph:646-243-8099)

Position: For Labeling of GMOs

Dear Esteemed Council Members of Honolulu,

I am a concerned private citizen from Maui. I am writing to express my support for the labeling of GMOs in the state of Hawaii as well as the US. I believe, first and foremost, the consumers have the right to know what is in their food. This is especially true, as animal and limited human studies have shown, with something as potentially dangerous as GMOs. The FDA has failed the consumer when it comes to GM food. The governing bodies of Hawaii can change that and do its part to protect its people by voting for GMO labeling.

That being said, I do realize, cost is a real issue for the citizens and government alike, especially during these trying economic times. The biotech companies will tell you about how expensive labeling is going to be, according to their biased studies. However, as the following pages will indicate, studies conducted for national and local governments with no industry conflict of interest, show that labeling is a relatively inexpensive proposition. I think it is also equally as important to consider the cost of NOT labeling versus the cost of labeling. What if, GMOs are damaging to the people and animals? Such health and societal costs should be weighed against the limited cost of labeling.

Thank you for your time and consideration,

Yo Kobayashi

RECEIVED
APR 23 12 21 PM '12
CITY CLERK
HONOLULU, HAWAII

MISC. COM. 893

COUNCIL

Key Points of GMO Labeling Cost Discussion

Summary of major studies: Annual $5 price increase

- The annual price increase to consumers averaged $5 per person or 0.25% for studies that did not have industry as their client or on their committee members and with the exception of one study, these studies were commissioned by the country's national and local governments. On the other hand, studies which had industry influence averaged annual price increase of $108 or 3.7% per person. Please see the Chart on page 3 for details.

Industries' habit of greatly overestimating cost: 5% of original estimate

- Like in the case of GMO labeling, industries often push back against regulations that protect consumers but are inconvenient to them and one of their main arguments is, cost. A pertinent case is in the late 70's, when chemicals like DDT, PCBs and vinyl chloride were starting to be proven to harmful to people, chemical companies including Monsanto strongly resisted increased regulation with a massive PR campaign and said it would cost 2 million jobs and have a negative economic impact of $65 billion. After the stronger regulations were enacted, the actual cost turned out to be 5% of their estimate, had no impact to jobs and the industry continued to grow.

Anecdotal evidence from countries that have implemented labeling: no price increase

- Numerous countries have mandated GMO labeling and there have been no documented cases of price increase due to the introduction of labeling and anecdotal evidence from the UK at the time of implementation indicated no price increase at the retail level.

Major flaw in study conducted in Oregon, often cited by opponents of GMO labeling

- One of the major assumptions behind the 4.7% price increase to Oregon consumers concluded in Northridge Environmental Management Consultants' 2002 "Economic Implementation Analysis of Oregon Measure 27" is flawed and changing the assumption to a more realistic figure could have substantially lowered the already greatly exaggerated price increase estimate. Please see page 4 for details.

Potential cost to state

- Given cost estimates ranging from $200,000 to $600,000 for the UK government with a population of 59 million people, the cost to the state of Hawaii should be less, given the smaller population. Please see the Chart on page 3 for details.

Would food producers stop shipping to Hawaii if labeling was mandated here?

- Given food producers already ship products GM food to countries that mandate labeling, they have the capacity and willingness and it would not make sense to stop shipping to just Hawaii.

Cost of NOT labeling, the most important consideration from ethical and financial standpoint

- Ultimately, one might argue the price increase is $5 and another might say $100 but the real comparison should be to the cost of labeling to NOT labeling.
- What is the damage of major diseases and allergies GMOs are associated with? For families, devastating emotional stress and possibly thousands in medical bills, and for the government, potentially the loss of consumer confidence and financial burden in the billions if not more. And all the while, nobody can track or if need be, contain the problem because something as simple as labeling of GMOs are not done.

Summary of Major Studies

	Non Industry Influenced					Industry Influenced	
	2000 UK	2000 Australia	2000 New Zealand	2002 Oregon #1	2007 Quebec	2000 Canada	2002 Oregon #2
Researcher	National Economic Research Associates	KPMG	KPMG	Professor Jaeger, Oregon St. Economics	Professor Cloutier, Unv. of Quebec	KPMG Consulting	Northbridge Environ. Consultants
Client/Type	UK Gov., Food Standards Agency	Gov. Aust./NZ	Gov. Aust./NZ	Independent Study	Gov. Quebec Ministry of Agriculture, Fisheries and Food	Gov., Policy Steering Committee (mainly GMO and big ag)	Coalition Against Costly Labeling Law (GMO, large food corps, etc.)
Annual Per Capita Cost Increase (a)	**$0.23~$4**	**$10**	**$3**	**$3~$10**	**$6 (b)**	**$35~$48**	**$45 $138 Likely $275**
Annual % Cost Increase (a)	**0.01%~ 0.17%**	**0.75%**	**0.2%**	**0.10% ~ 0.35%**	**0.2% (b)**	**1.3%~ 1.8%**	**1.5% 4.7% Likely 9.4%**
Annual Total Societal Cost Increase (c)	$13.8 ~ $232 mil	$165 ~ $173 mil	$18 mil	$10.5 ~ $35 mil	$30 mil+ (one time $161 mil)	---	---
Annual Total Price Increase to Consumers	$13.5 ~ $231 mil	$165 mil	$18 mil	---	---	---	$150 mil $470 mil $920 mil
Annual Total Cost to Government (d)	**$0.2 ~ $0.6 mil**	**$0.4 ~ $8 mil**	**$0.2 mil**	**$0.1 ~ $1.25 mil**	**$1.7 mil**	**---**	**$11.3 mil + (one time $6 mil)**
Population (e)	59 mil	19 mil	3.8 mil	3.5 mil	7.5 mil	30 mil	3.5 mil

Sources:

W.K. Jaeger. 2002. *"Economic Issues and Oregon Ballot Measure 27: Labeling of Genetic Modified Foods"* (Oregon St. Economics)

National Economic Research Associates (NERA). 2001. *"Economic Appraisal of Options For Extension of Legislation on GM Labelling"* (A Final Report for the Foods Standard Agency, UK)

Northridge Environmental Management Consultants. 2002. *"Economic Implementation Analysis of Oregon Measure 27"* (Prepared for Coalition Against Costly Labeling Law)

KPMG Consulting. 2000. *"Phase I Report. Economic Impact Study: Potential Cost of Mandatory Labelling of Food Products Derived From Biotechnology in Canada"* (Prepared for Steering Committee; Economic Impacts of Mandatory Food Labelling Study)

Greenpeace. 2007. *"Executive summary of the economic study of the costs of mandatory labelling of GMOs in Quebec. Costs 85% lower than those claimed by industry"*

Footnotes:

(a) Increases for total society including consumer and government except for Oregon #2 study which is for consumer only

(b) Assumes depreciation of one time costs over 10 years

(c) Annual Total Monetary Price Increase converted into dollars from foreign currency at then rates

(d) Annual cost to government for Oregon #2 study conducted by Oregon Department of Administrative Services. Study assumes labeling to be conducted in restaurants as well and is out of the scope of the HSAC bill

(e) Population at time of study

Flaw behind 2002 Oregon study commissioned by opponents of the 2002 Oregon Measure 27 initiative to label GMOs

One of the major assumption to the 4.7% price increase to Oregon consumers (most likely scenario) concluded in Northridge Environmental Management Consultants' 2002 *"Economic Implementation Analysis of Oregon Measure 27"* is flawed and changing the assumption to a more realistic figure could substantially lower the price increase estimate

- This mistake was pointed out by Professor Jaeger at Oregon State University
- The study assumed that the cost of production for any and all GMO product will increase by 48% and that this cost increase would be fully passed on to the consumers
- However, it is flawed to think that every product will experience the same level of cost increase because different products have differing degrees of GMOs as their ingredient
- So for example, a product which only has GMOs as 5% of their total ingredients, would only experience partial cost production increase and not the full 48%. In the study, 56% of food Oregonians consume were assumed to require labeling
- IN OTHER WORDS, the study wrongly assumed that over half of all the foods consumed in Oregon would experience full cost production increase. Changing the assumption to reflect that products have differing degrees of GMO ingredients could substantially lower the 4.7% price increase Northridge concluded

Calculations behind 4.7% price increase or $138 per person ($550 for family of four):

(a) Total cost production increase (from farmers to manufacturers): 48%

(b) Producer cost as % of retail price: 20%

(c) Cost increase due to compliance as % of retail price: 9.5% = (a) 48% x (b) 20%

(d) Total US food expenditures in 2001: $720 billion

(e) % of food subject to labeling: 56%

(f) Oregon's share of total food expenditures as % of US: 1.22%

(g) Oregon's annual food expenditures of GMO products: $4.9 billion = (d) $720 billion x (e) 56% x (f) 1.22%

(h) Oregon consumer's price increase: $470 million = (c) 9.5% x (g) $4.9 billion

(i) Oregon's population in 2002: ~3.5 million people

(j) Annual per person price increase: $138 = (h) $470 million / (i) 3.5 million

(k) Annual price increase: 4.7% = (c) 9.5% x (e) 56% x **100%** ***(flaw: inherent assumption that GMO labeled products have 100% GMO ingredients)***